

MAJOR SOURCES OF REVENUE

MAJOR SOURCES OF REVENUES

LOCAL FUNDS

GENERAL OBLIGATION BONDS

General Fund departments have traditionally relied on General Obligation Unlimited Tax Bonds of the City for capital projects. In 1980, as a consequence of adverse economic and financial factors, the rating on the City's general obligation debt was lowered below "investment grade" by both major bond rating firms. In June of 1986, Standard and Poor's (S & P) upgraded the City's General Obligation Bonds to an investment grade level; and in November of the same year, Moody's Investors Service (Moody's) concurred with a similar upgrading. As a result, the City entered the General Obligation Bond market for the first time since 1979, with a \$51,125,000 sale on September 15, 1987. Since then, twelve additional bond sales have taken place (this includes the proposed December 2000 sale).

HISTORY OF GENERAL OBLIGATION BONDS SALES

September 1987	\$ 51,125,000	August 1995*	\$ 50,000,000
November 1988	\$ 49,260,000	November 1996	\$ 34,300,000
December 1989	\$ 36,360,000	December 1997	\$ 44,250,000
October 1990	\$ 60,705,000	April 1999	\$ 44,100,000
December 1990	\$ 15,030,000	December 1999	\$ 45,000,000
November 1991	\$ 39,565,000	December 2000*	\$ 45,000,000
December 1993	\$ 26,770,000		
TOTAL			<u>\$551,455,000</u>

* Proposed sale for FY 2000-01

These bond proceeds of **\$551,455,000** are being used for projects involving:

Projects funded with general obligation bonds	Bond Proceeds
Detroit Institute of Arts	\$25,000,000
Charles W. Wright Museum of African-American History	30,000,000
Planning & Development	177,755,000
Department of Public Works	3,500,000
Fire	11,375,000
Health	10,300,000
Historical	2,000,000
Library	5,750,000
Police	16,500,000
Public Lighting	140,655,000
Recreation	102,010,000
Transportation	1,000,000
Zoo	27,380,000
Appropriated/unsold **	(11,770,000)
Totals	\$551,455,000

** The August 1995 Bond Sale (\$50,000,000) funded appropriated projects (\$76,770,000) from the FY93, FY94, FY95 and FY96 Budgets. To date \$10,000,000 of this \$26,770,000 gap has been funded.

The City's General Obligation Unlimited Tax Bonds continue to be rated investment grade by S&P; however, in 1992 the rating on such bonds was lowered by Moody's to non-investment grade. In August 1995, Fitch IBCA assigned an investment grade rating to these bonds. The City has received rating increases in 1996, 1997 and 1998 from both Moody's and Standard & Poors. Fitch has given the City four rate increases since 1995 (the last in 1999). Currently, the City enjoys an investment grade rating from all three rating agencies: Moody's, Standard & Poors and Fitch.

MAJOR SOURCES OF REVENUES

Pursuant to the State constitution, General Obligation Unlimited Tax Bonds must be voter-approved. This is required in order to levy taxes in excess of the City's general operating limit for payment of debt service. As of November 7, 2000, the City has the authority of the electorate to issue \$229,410,000 in General Obligation Bonds for such purposes as police and fire buildings; lighting improvements; library, various cultural facilities-recreation, zoo, historical museum; health facility projects; the Detroit Institute of Arts; and Neighborhood/Economic Development projects, municipal facilities and the Charles W. Wright Museum of African-American History building improvements. The City has followed a policy of scheduling bond referendums to coincide with regularly scheduled elections.

State law limits the amount of general obligation debt a city may have outstanding at one time. Generally, the limit requires such debt to be within ten percent of the assessed value (which includes certain assessed value equivalents for purposes of the formula) of all real and personal property in the city. Significant exclusions to or extensions of the debt limit are permitted for special assessment bonds, motor vehicle highway bonds, hospital bonds, certain mortgage and housing bonds and various other bonds for projects deemed necessary for abating pollution. The City's outstanding debt is currently within the limits prescribed by State law.

In addition to funding new construction from the proceeds of General Obligation Bonds, rehabilitation projects may be bond-financed in accordance with current City policy, provided:

1) the project significantly extends the economic life of a building or changes the use of the facility; and 2) the project requires a minimum of \$100,000 for a single location.

Traditionally, equipment and repair projects are funded in the operating budgets of General Fund Departments. While this Agenda does not include such routine capital expenditures for General Fund Departments, it *does* include equipment purchases in those departments which have funding sources other than city cash available for capital equipment purchases. An example of this would be bus purchases in the Department of Transportation.

EARNINGS ON INVESTMENTS

In addition to the proceeds from the sale of general obligation bonds, the interest earned on the investment of unspent bond proceeds can also be used for projects that were voter authorized. As part of each year's budget development process, the Mayor recommends which projects will be funded by these earnings and after review and approval by City Council these earnings are appropriated as part of the City's budget. Earnings from these unspent proceeds have totaled \$68,152,122 and have been appropriated in the last twelve budgets (including fiscal year 2000-01). These earnings have been appropriated for projects involving:

PROJECTS	EARNINGS ON INVESTMENTS APPROPRIATED
Airport*	\$465,000
Detroit Institute of Arts	134,000
Charles W. Wright Museum of African American History	8,545,000
Planning & Development*	25,599,522
Fire	1,328,000
Health	3,993,000
Lighting	5,171,000
Police	9,588,000
Recreation	8,544,000
Zoo	1,083,000
Debt Service	363,000
Bond Insurance & Discount	2,558,500
Project Accounts (**)	780,100
TOTAL	\$68,152,122

* Airport and Planning & Development included in Neighborhood and Economic Development authorization

MAJOR SOURCES OF REVENUES

** Project Accounts-this amount replenishes project dollars that were used to pay for the administrative cost of selling bond issues.

CASH CAPITAL

Because the City of Detroit could not sell General Obligation Bonds between 1980 and 1987, increased reliance had to be placed on the "cash capital" method of financing crucial General Fund capital projects. This funding method is the most conservative approach possible, relying on general tax and operating receipts rather than on debt. In March 2000, the Detroit Library Commission received an additional 1 mill increase, some of which will be used for capital purposes.

PRIVATE FUNDS

When they can be identified, "Private Funds" are shown as a part of the Capital Program. Those corporations, groups and organizations that contributed significant funds to various City Departments are acknowledged below.

Detroit Institute of Arts- Founders Society

The Founders Society plays a major role in supporting capital improvements to the Detroit Institute of Arts. Over the past five years the Society has contributed a total of \$4 million to support major capital improvements program of the museum. The Founders Society also raises funds from individuals, corporations and foundations, especially those in the Detroit community for the renovation and re-installation of the galleries in the museum. A typical gallery renovation can cost in excess of \$500,000. They have fully funded at least one gallery renovation each year for the past ten years.

Detroit Historical Society

The Detroit Historical Society (ASociety®) is an independent, nonprofit corporation, which is the major source of private funds for the Detroit Historical Department, which operates the Detroit Historical Museum, the Dossin Great Lakes Museum and Historic Fort Wayne. The purpose of the Society is to promote interest in and knowledge of local heritage by classes, lectures, exhibits and such other methods as may be thought to be appropriate. The Detroit Historical Society Guild operates the Old Detroit Shop and sponsors other activities to promote the Detroit Historical Museum.

Detroit Tigers and the Junior Chamber of Commerce

The Detroit Tigers and the Junior Chamber of Commerce sponsored the Field of Dreams Program, which renovated baseball diamonds at Littlefield Playfield and Rouge Park. This sponsorship was valued at over \$15,000.

Detroit Zoological Society

The Detroit Zoological Society has consistently provided generous support for Detroit Zoological Institute development and regularly contributes about \$1,000,000 in annual support. On occasion, as was the case for the Great Apes of Harambee (\$7 million) in 1989 and the Wildlife Interpretive Gallery (\$1.8 million) in 1995, the Detroit Zoological Society's financial support is greater. Annually, the Director of the Detroit Zoological Institute presents the five-year capital plan to the Board of the Detroit Zoological Society and suggests/requests financial support for appropriate projects. Financial support can be provided from general operating, including membership dues, investment income, special event proceeds, special gifts, grants, and sponsorships. For large projects, a specific capital campaign may be launched for that purpose.

Skillman Foundation

In August 2000 the Skillman Foundation awarded the Detroit Public Library a \$5 million grant to renovate the Downtown Branch. This follows a \$120,000 grant awarded in December 1999 to conduct an architectural study of the downtown facility. The grant will allow for the complete renovation of the branch. The Downtown branch, located at 121 Gratiot, was originally built in 1931. It requires extensive renovation and was closed in 1998 due to the implosion of the Hudson's building. Proposed updates to the renovated facility include a computer lab, a children's department and a business center. The Skillman Foundation is a private organization based in Detroit, that works to improve the lives of children. This grant represents the largest single gift presented to the Detroit Public Library in its 135 year history.

MAJOR SOURCES OF REVENUES

ENTERPRISE DEPARTMENTS

Several of the City's enterprise departments sell revenue bonds that do not fall within the limitations of the General Obligation Bond program.

PARKING AND ARENA SYSTEM REVENUE BONDS

Pursuant to authority granted by the Building Authority Act (P.A. 31, 1948, as amended) the City of Detroit Building Authority is authorized to issue bonds to finance the acquisition of the Arenas and the Arena Garage and for parking garage improvements. The bonds are special obligations of the Building Authority payable from payments of Basic Rent by the City under a Contract of Lease. Payment of the Basic Rent is secured by a pledge of the gross revenues from the operation of the Parking System and the Arenas. Also, provided under this bond resolution is the ability of the Building Authority to issue additional bonds for the purpose of financing additions, replacements and improvements to the Parking System.

In November 1994, the Fund refunded \$44,560,000 of the City of Detroit Building Authority Parking and Arenas System Revenue Bonds (the Revenue Bonds), which had been issued pursuant to Contract of Lease No. 2, Series A, during fiscal year 1986 by the City of Detroit Building Authority, with interest rates ranging from 6.5% through 9.125%. The Revenue Bonds were refunded with a note that matured on November 30, 1996, with interest at LIBOR plus 0.75%. The note was extended to February 1997.

On February 19, 1997, the City of Detroit Building Authority issued Building Authority Revenue Refunding Bonds (Parking and Arena System), Series 1997A, in the amount of \$3,050,000, with an average interest rate of 4.3%, and Series B, in the amount of \$37,695,000, with an average interest rate of 6.3%, to refund the outstanding balance on the aforementioned note of \$42,295,000. This note was due and payable in full on February 19, 1997. The net proceeds of \$39,655,708 (after payment of underwriters fees and other issuance costs of \$1,093,292), plus \$2,643,292 of debt reserve money, were used to retire the entire outstanding principal amount.

On July 1, 1998, the City of Detroit Building Authority issued Building Authority Revenue Bonds (Parking and Arena System), Series 1998A, in the amount of \$27,000,000, with an average interest rate of 4.8%. Interest is payable semi-annually on January 1 and July 1, commencing January 1, 1999. Principal payments are made annually, expiring on July 1, 2019.

On October 21, 1999, the City of Detroit Building Authority issued Building Authority Revenue Bonds (Parking and Arena System), Series 1999A (Auction Rate Securities) and Series 1999B (Taxable Auction Rate Securities) in the amount of \$29,900,000, expiring on July 1, 2029.

PARKING SYSTEM PROGRAM RESERVE FUND

Monies are deposited into the Parking System Program Reserve Fund through a flow of funds pursuant to Contract of Lease No. 2. Revenues are deposited daily into the Revenue Fund. After the last day of each month, monies are transferred from the Revenue Fund into other trust accounts to accrue upcoming obligations. Monies are transferred first to the Interest Account, second to the Principal Account, Third to the Debt Service Reserve

MAJOR SOURCES OF REVENUES

Account, fourth to the Operating and Contingency Reserve Fund, fifth to the Credit Enhancement Fee Account, sixth into the Operating and Maintenance Reimbursement Fund, and seventh into the Surplus Fund also known as the Parking System Program Reserve Fund.

WATER

The Water System is able to sell additional Revenue Bonds provided certain defined net revenues of the Water Fund are in excess of 1.35 times (or 1.20 times for second lien bonds) the largest amount of combined principal and interest to fall due in any future operating year for the outstanding Revenue Bonds, plus the additional bonds being issued.

The Department sold \$54,230,000 of Water System Revenue Bonds on October 31, 1990
\$269,440,000 of Water System Revenue and Revenue Refunding Bonds in May 1992
\$193,805,000 of Water System Revenue and Revenue Refunding Bonds in October 1993
\$172,930,000 of Water System Revenue and Revenue Refunding Bonds in October 1995
\$245,855,000 of Water System Revenue and Revenue Refunding Bonds in August 1997
\$256,340,000 of Water System Revenue and Revenue Refunding Bonds in November 1999

SEWERAGE

The Sewerage System is able to sell additional revenue bonds provided certain defined net revenues of the fund are equal to at least 1.35 times the largest amount of combined principal and interest to fall due in any future operating year, on all outstanding bonds plus the additional bonds being issued.

The program outlined in this Agenda fulfills an amended consent judgment mandating Environmental Protection Agency (EPA) required improvements to the sewage treatment system.

Since 1990, the department has sold and refinanced revenue bonds as follows:

\$70,000,000 Sewerage System Revenue Bond Issue on October 1, 1990
\$80,000,000 Sewerage System Bonds in October 1991
\$311,460,000 Sewerage System Revenue and Revenue Refunding Bonds in March 1993
\$284,635,000 Sewerage System Revenue and Revenue Refunding Bonds in November 1995
\$262,494,128 Sewerage System Revenue and Revenue Refunding Bonds in June 1997
\$137,955,000 Sewerage System Revenue and Revenue Refunding Bonds in December 1998
\$302,995,178 Sewerage System Revenue and Revenue Refunding Bonds in December 1999

SEWERAGE SYSTEM IMPROVEMENT AND EXTENSION FUND

The Sewerage System also derives funding for capital projects from the revenues of the system. To the extent that moneys remain after meeting the annual funding requirements of the Operation and Maintenance Fund, Bond and Interest Redemption Fund, Junior Lien Bond and Interest Redemption Fund, and the Extraordinary Repair and Replacement Reserve Fund, sums may be set aside in the Improvement and Extension Fund for making improvements, enlargements, extensions or betterments to the system. Any funds, which may be necessary to compensate for any future rate adjustments due to overpayments received in prior years, shall be taken into account in expending any funds from the Improvement and Extension Fund. The Sewerage System transferred to the Improvement and Extension Fund \$885,000 in fiscal year 1991-92 and \$2,680,174 in fiscal year 1992-93, \$6,830,000 in fiscal year 1993-94 and \$24,860,154 in fiscal year 1994-95, and have made no subsequent transfers.

MAJOR SOURCES OF REVENUES

WATER SYSTEM IMPROVEMENT AND EXTENSION FUND

The Water System also derives funding for capital projects from the revenues of the system. To the extent that moneys remain after meeting the annual funding requirements of the Operation and Maintenance Fund, Bond and Interest Redemption Fund, Junior Lien Bond and Interest Redemption Fund, and the Extraordinary Repair and Replacement Reserve Fund, sums may be set aside in the Improvement and Extension Fund for making improvements, enlargements, extensions or betterments to the system. In the preceding five fiscal years, the Water System transferred to the Improvement and Extension Fund \$5,633,500 in fiscal year 1991-92 and \$6,689,573 in fiscal year 1992-93, and have made no subsequent transfers.

The capital program described for the Water and Sewerage Department differs from others in this agenda in that, although amounts listed for projects reflect the year of project initiation, funding is provided throughout the life of each project, rather than entirely at the start of the project.

CIVIC CENTER RENEWAL AND REPLACEMENT FUND

The Renewal and Replacement Fund receives interest on investments from certain of the funds held for repayment of bonds issued for Cobo Center expansion. The Bonds are secured by a regional hotel tax and a statewide tax on liquor sales.

MAJOR SOURCES OF REVENUES

FEDERAL AND STATE FUNDS

ARTS, CULTURE AND QUALITY OF LIFE GRANT

In 1999, the Historical Society on behalf of the Historical Department received funds totaling \$500,000 from the State of Michigan, Department of Management and Budget, in accordance with the provisions of Section 204 of Public Act 273 of 1998. The purpose of the funding is to provide for the architectural study and preservation of the historic 1840's fort and barrack buildings located at Historic Fort Wayne. This grant provides assistance in the development of Historic Fort Wayne as a riverfront destination for events, youth programs and historical exhibits. Grant funds are to be expended within three years of receipt of the funds.

AVIATION GRANTS

Detroit City Airport is eligible for Federal funding under the Airport Improvement Program (AIP), established by the Airport and Airway Improvement Act of 1982 (P.L. 97-248, September 3, 1982). These funds are generated through aviation taxes and used in projects to renovate and rehabilitate public areas of airports solely for increasing the level of service to all passengers. At Detroit City Airport, AIP construction, planning and equipment funding are based on a 90% Federal, 5% State and 5% Local match. Land acquisition funding is based on a 90% Federal and 10% Local match. Detroit City Airport is also eligible for funding under the Michigan Aeronautics Commission 50/50 matching grant program.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

The Community Development Block Grant program is a Federal program operated by the U.S. Department of Housing and Urban Development. This program provides entitlement grants to local governments for community development activities. The grant amount is determined by formula and varies from year to year according to the amount appropriated nationally by the U.S. Congress. The primary objective of the program is the development of viable urban communities including decent housing, a suitable living environment, and expanded economic opportunities principally for persons of low and moderate income. Grant funds may be used for a wide variety of activities including home rehabilitation, construction and rehabilitation of community facilities, demolition of blighted buildings, acquisition, relocation and preparation of property for new development, economic development, public services, planning, administration of the program, etc. Decisions on the use of the CDBG funds are made by the Mayor and City Council after a citizen participation process including requests for and submission of proposals from community organizations, individuals, and City agencies, and public meetings and hearings. The program is administered by the Detroit Planning and Development Department. Some projects in the program are administered by other City agencies.

In addition to the entitlement grant, this program generates program income from some of its activities. Funding allocations, since 1992 to present are given below:

MAJOR SOURCES OF REVENUES

Year	Entitlement Grant	Program Income	Total
1992-93	\$47,204,000	\$2,517,000	\$49,721,000
1993-94	54,004,000	2,740,685	56,744,685
1994-95	59,906,000	3,746,000	63,652,000
1995-96	56,584,000	3,631,855	60,215,855
1996-97	53,754,800	2,416,643	56,171,443
1997-98	53,685,000	3,583,853	57,268,853
1998-99	50,977,000	3,569,325	54,546,325
1999-00	51,284,000	1,935,092	53,219,092
2000-01	51,213,000	1,716,201	52,929,201

CDBG NEIGHBORHOOD OPPORTUNITY FUND (NOF)

The Neighborhood Opportunity Fund (NOF) is part of the CDBG program. The purpose of the NOF is to fund neighborhood improvement projects proposed by neighborhood organizations and neighborhood-oriented service organizations. NOF projects must be eligible under CDBG regulations. They should be limited in scope and designed so that they can be completed within one year with a minimum of red tape.

ENVIRONMENTAL GRANTS

The Michigan Underground Storage Tank Financial Assurance (MUSTFA) program is a State fund established by the Legislature in 1988 to pay owners and operators of underground storage tanks up to \$1 million to repair or remove leaky tanks from their land and remediate contaminated soil. The Federal government required tank owners and operators to cover costs of up to \$1 million in the event of a leak. MUSTFA, funded by a 7/8 cent tax levied (until 2005) on the sale of all petroleum production in Michigan raising \$50 million annually, provided the coverage. As of June 29, 1995, MUSTFA no longer accepted new claims submitted for reimbursement. An April 1995 letter from the Michigan Department of Natural Resources told potential claimants MUSTFA is bankrupt. It will be able to pay past claimants through 2005.

HOUSING GRANTS

The Comprehensive Grant Program (CGP) has been an annual formulary source of capital funding since 1992. The program is designed to allow large housing authorities the flexibility to combine a systematic strategy of capital improvements, emergency repairs and special management improvements. To ensure that funding would be consistent within a five-year window, the need for housing authorities to compete annually via application was replaced with a funding formula that was based on the size of the authority and a five-year capital plan. The Detroit Housing Commission is not only accountable to Housing and Urban Development (HUD), but also must submit the capital plan and annual progress reports to the residents. There is a Comprehensive Grant Advisory committee which meets monthly that consists of at least one resident from each development.

MAJOR SOURCES OF REVENUES

Low Income Housing Tax Credits (LIHTC) are private sources of funding, from sources such as corporations or private individuals. The investor then receives tax credits on his investment in the development or modernization of low income housing. The Michigan State Housing

Development Authority (MSHDA) handles the distribution of tax credits. LIHTC's were a major source of funding for Parkside.

The Urban Revitalization Demonstration (URD) program is a separate HUD grant program. This program is also known as AHOPE VI®. HOPE VI was created for the purpose of revitalizing severely distressed or obsolete public housing developments in the forty (40) most populous cities in the United States, or in any city whose housing authority was on HUD's Troubled Housing Authority List as of March 31, 1992. DHC applied for and received URD planning grant funds for the Herman Gardens and Jeffries housing development.

LOCAL LAW ENFORCEMENT BLOCK GRANTS- Bureau Of Justice Assistance

The Local Law Enforcement Block Grants (LLEBG) Program, administered under the Department of Justice-Bureau of Justice Assistance (BJA) makes funds available to units of local government for the purpose of reducing crime and improving public safety. The BJA awards funds directly to the local units of government in larger communities. The awards are based proportionately to the state's average annual number of Part 1 violent crimes reported to the Federal Bureau of Investigations (FBI) compared to the average for all other states for the most recent three years. However, each state will receive a minimum award of .25 percent of the total amount available for formula distribution. Projects eligible for funding under this program must have the following purpose:

1. Supporting law enforcement
2. Enhancing security measures in and around schools
3. Establishing or supporting drug courts
4. Enhancing the adjudication of violent offenders
5. Establishing multijurisdictional law enforcement task forces
6. Enhancing crime prevention programs
7. Defraying the costs of indemnification insurance

The City of Detroit was awarded \$6.6 million in 1999 and \$5.4 million in 2000.

RECREATION FUNDS

Since local funds are so limited, State funds play a significant role in the acquisition and development of capital projects for the Recreation Department. Various Federal and State funds that require local matches currently finance capital projects. In the past, Community Development Block Grant funds, Michigan Land Trust Funds and Michigan Waterways and Fisheries Funds have been used to match when circumstances have permitted.

U.S. Department of Interior Land and Water Conservation Fund (LWCF)

These funds are limited to the development of basic outdoor recreation facilities and cannot be used for buildings or maintenance and renovation. A 50% local match is required. Currently, \$2.6 million is available statewide for funding.

MAJOR SOURCES OF REVENUES

Federal Urban Parks and Recreation Recovery Program (UPARR)

These funds pay for extensive renovation of some of our older facilities. Starting in 1979, these Federal funds were available for financing 70% of the cost for renovation with the balance paid through local sources. Currently, no funding is available from this source.

Coastal Zone Management and Recreation and Tourism Grants

Since 1989, these grants funded several important projects for the Department. We have received renovation grants for the Belle Isle Nature Center, Lakewood East Park and Belle Isle Fishing Piers.

Michigan Natural Resources Trust Fund

The Trust Fund accumulates principal to the fund by using fees from oil, gas and mineral resource permits from lease and royalty rights on state land in northern Michigan. Some trust fund money can be used for development, as well as, acquisition projects. A 25% local match is required. In getting projects approved, however, the City must compete with other areas of the State for limited available funding. In 1997, a grant for \$500,000 was approved for renovations to the Riverside Park Seawall/Promenade.

State Recreation Bond Program. Since 1989, funds under this program were used for major repairs to Belle Isle infrastructure and heating and ventilation repairs to Crowell and Brewer Recreation Centers. Funds were received in 1990, in the amount of \$750,000, for major renovation to the Rouge Park Brennan Pool. A \$562,000 grant for the development of five handicapped play areas was received in 1991. In 1992, the Program provided \$750,000 for major renovations of hard surface courts. A \$375,000 grant was awarded in 1994 to the Recreation Department to develop a recreational path on the Uniroyal site.

SEWERAGE FUNDS

The Sewerage portion of the Water and Sewerage Department's program reflects anticipated receipts of Federal funds for water pollution control systems. The Federal Construction Grants program is being phased out.

Pollution Grants indicated in the departmental section represent awards for previously approved projects; participation in the Revolving Loan Fund will be revenue-supported.

STREET CAPITAL FUNDS

Michigan Gas and Weight Taxes. The primary source of street capital is the State tax on motor fuels and vehicle licensing fees, which are distributed to municipalities by formula. The City's latitude is greater with these funds than with other sources, and they are often used as local matches for grants (except when projects fall under the purview of the Planning Development Department).

Michigan Transportation Economic Development Fund.

Transportation Economic Development Fund was created in 1987 to provide funding for road projects related to economic development and redevelopment opportunities. All ACT 51 recipient governmental units (state, county, city and village road agencies) are eligible for this fund. This state appropriation is distributed to municipalities statewide when project priority is demonstrated. Projects that meet the eligibility criteria for this fund are submitted to the State

MAJOR SOURCES OF REVENUES

of Michigan, Office of Economic Development for approval. Municipalities compete for placement on the priority list and are awarded grants in the form of an 80% - 20% match when preference is achieved. Upon approval of the grant, the City submits a program application that gives the details of the project and includes cost estimates. The City will prepare the project

design. The Michigan Department of Transportation (MDOT) reviews and approves the City's design, advertises for bids and awards the contract. Payment to the contractor is made by MDOT in an amount not to exceed 80% of pre-approved costs. The local match of 20% is submitted to MDOT for the contractor payments. The City performs the engineering and inspection of the contractor's work which is reimbursed by MDOT up to 80% of the total pre-approved costs.

The following chart indicates the amount of funds received from the Michigan Transportation Fund and the Build Michigan Fund in the past five years.

Fiscal Years	Michigan Transportation Fund*	Build Michigan Fund**
1991-92	\$43,000,000	
1992-93	40,200,000	
1993-94	41,800,000	
1994-95	42,600,000	\$5,300,000
1995-96	49,400,000	3,000,000
1996-97	45,800,000	2,200,000
1997-98	54,900,000	2,200,000
1998-99	58,700,000	2,200,000
1999-00	62,100,000	1,900,000

* Amounts are rounded. ** Fund began in 1994

The Intermodal Surface Transportation Efficiency Act of 1991

The Intermodal Surface Transportation Efficiency Act of 1991, signed into law by President Bush on December 18, 1991. This grant addresses the renewal and changing needs of surface transportation programs in America and will create jobs, reduce congestion, rebuild infrastructure, maintain mobility and help state and local governments to address environmental issues. Under this program, a program application is submitted to MDOT to obligate the funds; the application should be for a project included in the Transportation Improvement Program. Projects that are obligated will receive 80% funding from the Federal government. Safety projects, such as pavement markings, traffic signal modernization etc. can receive 100% Federal funding. MDOT advertises for bids, awards the contract and makes payments to the contractors. The local match of 20% is submitted to MDOT for contractor payments. The City performs project construction engineering and inspection work that is 80% reimbursed by MDOT from Federal funds.

MAJOR SOURCES OF REVENUES

UDAG Amount: \$300,000

Project Total: \$1,685,836

4. Ferry Street Inn - Rehabilitation and conversion of four 1880's era Victorian homes and three carriage houses (located along Ferry Street just east of Woodward) into a 42-room Bed and Breakfast Inn.

UDAG Amount: \$452,012

Project Total: \$5,739,152

GRAND TOTAL:

UDAG Amount: \$8,427,012

Project Total: \$41,256,842

GENERAL OBLIGATION BOND PROGRAM

DEFINITIONS

The definitions below apply to the General Obligation Bond Spreadsheets and Capital Agenda Summaries by Agency and Funding Source.

CAPITAL - The City's definition of "capital" in the scope of this Agenda has the following conditions: 1) the project involves the funding of new construction; 2) the project is rehabilitation that significantly extends economic life of a building or changes the use of the facility, and the project requires a minimum of \$100,000 for a single location.

2000-01 BUDGET - This amount is currently part of the City's Budget as approved by City Council.

AUTHORIZED UNISSUED - The amount in this column represents the voter approved bond authorizations that have not yet been sold.

ECUMBRANCES- The setting aside of funds for a specific purpose (i.e. contractual obligations).

FREE BALANCES- Available project dollars not yet spent or encumbered.

FIVE-YEAR PROGRAM (2001-02 THROUGH 2005-06) - These columns represent the proposed five-year capital plan. Amounts are based on current information as to the known limitations for each funding source.

FUND- A group of self-balancing accounts set aside from a specific resource (i.e. bond sale) and for a specific purpose (i.e. capital project).

ORGANIZATION CHARTS- appear on the title page for City agencies: FTE= full time equivalent (employees)

RECOMMENDED FIVE-YEAR PROGRAM TOTALS - This column provides a sum total of the recommended funding for the five-year capital plan period (2001-02 through 2005-06).

UNPROGRAMMED - This column represents project amounts as requested by City Department officials and fall within the definition of capital as used in this document, but which cannot be assigned a high probability of actual funding during the five-year capital plan period (2001-02 through 2005-06).

VOTER AUTHORIZATION- Prior to the sale of bonds, voter approval is required of the electors-citizens to levy property taxes used for the payment of principal and interest on the bonds.

HISTORY OF VOTER AUTHOIZATIONS

DEPARTMENTS	(11-7-78)	(8-5-80)	(11-4-86)	(8-2-88)	(8-4-92)	(8-6-96)	(11-4-97)	(11-7-00)	TOTALS
AIRPORT								\$5,000,000 (ed)	\$5,000,000
DETROIT INSTITUTE OF ARTS				\$25,000,000				25,000,000	50,000,000
CIVIC CENTER								3,000,000 (mf)	3,000,000
PLANNING & DEVELOPMENT			\$33,800,000	65,000,000	\$62,000,000		\$35,000,000	25,000,000 (ed)	220,800,000
PUBLIC WORKS							3,500,000 (mf)	5,000,000 (mf)	8,500,000
FIRE	\$3,400,000	\$5,725,000					7,500,000 (ps)	6,000,000 (ps)	22,625,000
HEALTH			4,300,000		6,000,000		1,000,000 (mf)	5,000,000 (mf)	16,300,000
HISTORICAL							2,000,000 (cf)	6,000,000 (cf)	8,000,000
LIBRARY							7,500,000		7,500,000
POLICE	7,500,000		3,500,000				7,500,000 (ps)	6,000,000 (ps)	24,500,000
PUBLIC LIGHTING	6,600,000	14,600,000	20,500,000	40,000,000	28,000,000		40,000,000	30,000,000	179,700,000
RECREATION	17,150,000 (rz)		1,410,000 (rz)	35,000,000 (rz)	14,000,000 (rz)	\$12,000,000 (rz)	30,000,000 (cf)	36,000,000 (cf)	145,560,000
TRANSPORTATION							3,000,000 (mf)	5,000,000 (mf)	8,000,000
ZOOLOGICAL INSTITUTE	800,000 (rz)		3,590,000 (rz)	9,000,000 (rz)	5,000,000 (rz)	3,000,000 (rz)	6,000,000 (cf)	10,000,000 (cf)	37,390,000
AFRICAN-AMERICAN MUSEUM					20,000,000	10,000,000		4,000,000 (cf)	34,000,000
TOTALS	\$35,450,000	\$20,325,000	\$67,100,000	\$174,000,000	\$135,000,000	\$25,000,000	\$143,000,000	\$171,000,000	\$770,875,000

(cf) 'Cultural Facilities' Ballot Issue
(ed) 'Economic Development' Ballot Issue
(mf) 'Municipal Facilities' Ballot Issue
(ps) 'Public Safety' Ballot Issue
(rz) 'Recreation and Zoo' Ballot Issue

HISTORY OF BOND SALES

DEPARTMENTS	(12-87)	(11-88)	(12-89)	(10-90)	(12-90)	(11-91)	(12-93)	(8-95)	(11-96)	(12-97)	(4-99)	(12-99)	FY2000-01 (Proposed)	TOTAL SALES	REMAINING AUTHORIZED UNISSUED BONDS
DETROIT INSTITUTE OF ARTS			\$2,220,000	\$3,085,000		\$3,100,000			\$3,000,000	\$2,250,000	\$3,000,000	\$3,000,000	\$5,345,000	\$25,000,000	\$25,000,000
CIVIC CENTER															3,000,000
PLANNING & DEVELOPMENT	\$11,385,000	\$19,615,000	6,565,000	26,675,000	\$15,030,000	10,625,000	\$10,850,000	\$36,010,000	8,000,000	12,000,000	3,000,000	9,500,000	8,500,000	177,755,000	48,045,000
PUBLIC WORKS											1,000,000	500,000	2,000,000	3,500,000	5,000,000
FIRE			1,515,000	2,060,000				500,000	1,300,000	1,000,000	1,500,000	1,500,000	2,000,000	11,375,000	11,250,000
HEALTH		3,320,000				980,000		3,800,000				1,200,000	1,000,000	10,300,000	6,000,000
HISTORICAL											1,300,000	300,000	400,000	2,000,000	6,000,000
LIBRARY											2,500,000	1,500,000	1,750,000	5,750,000	1,750,000
POLICE	6,030,000		1,010,000					3,960,000			1,500,000	2,000,000	2,000,000	16,500,000	8,000,000
PUBLIC LIGHTING	19,835,000	17,250,000	16,160,000	15,895,000		12,160,000			6,000,000	20,000,000	16,500,000	9,700,000	7,155,000	140,655,000	39,045,000
RECREATION	11,865,000	6,695,000	8,080,000	10,420,000		8,770,000	7,730,000	14,000,000	5,000,000	7,000,000	6,800,000	8,500,000	7,150,000	102,010,000	43,550,000
TRANSPORTATION													1,000,000	1,000,000	7,000,000
ZOOLOGICAL INSTITUTE	2,010,000	2,380,000	810,000	2,570,000		3,930,000	1,680,000	5,000,000	1,000,000	2,000,000	2,000,000	2,300,000	1,700,000	27,380,000	10,000,000
AFRICAN-AMERICAN MUSEUM							6,500,000	13,500,000	10,000,000					30,000,000	4,000,000
APROPRIATED/UNSOLD *								(26,770,000)			5,000,000	5,000,000	5,000,000	(11,770,000)	11,770,000
TOTALS	\$51,125,000	\$49,260,000	\$36,360,000	\$60,705,000	\$15,030,000	\$39,565,000	\$26,760,000	\$50,000,000	\$34,300,000	\$44,250,000	\$44,100,000	\$45,000,000	\$45,000,000	\$541,455,000	\$229,410,000

* The August 1995 Bond sale of \$50,000,000 funded \$76,600,000 of appropriated projects. To date an additional \$10,000,000 has been sold to cover these projects.

HISTORY: ALLOCATION OF INTEREST EARNED FROM BOND SALES

INTEREST EARNED	***** pro-rated per project *****												TOTALS
	FY1989-90	FY1990-91	FY1991-92	FY1992-93	FY1993-94	FY1994-95	FY1995-96	FY1996-97	FY1997-98	FY1998-99	FY1998-99	FY2000-01	
SEPT 1987 (FUND 4503)	\$3,430,822	\$3,066,000	\$1,448,000	\$704,000	\$101,200	\$152,500	\$32,200	\$50,000	\$84,200	\$113,200	\$49,100	\$35,000	\$9,266,222
NOV 1988 (FUND 4504)		3,508,000	3,650,000	2,350,000	1,325,300	621,300	395,200	290,000	358,300	154,500	203,400	83,000	12,939,000
DEC 1989 (FUND 4506)			2,194,000	1,621,000	1,851,300	1,488,100	944,300	888,000	846,500	917,500	264,000	108,000	11,122,700
OCT 1990 (FUND 4507)				3,188,000	1,606,100	1,551,300	689,100	1,351,000	779,600	974,000	403,700	58,000	10,600,800
NOV 1991 (FUND 4508)					1,453,000	1,680,100	1,124,800	1,236,000	1,170,200	1,252,900	879,100	133,000	8,929,100
1993 - to date (FUND 4510)							1,114,400	1,130,000	4,253,700	3,056,500	3,541,700	2,198,000	15,294,300
TOTALS	\$3,430,822	\$6,574,000	\$7,292,000	\$7,863,000	\$6,336,900	\$5,493,300	\$4,300,000	\$4,945,000	\$7,492,500	\$6,468,600	\$5,341,000	\$2,615,000	\$68,152,122

DEPARTMENT ALLOCATIONS	***** pro-rated per project *****												TOTALS
	FY1989-90	FY1990-91	FY1991-92	FY1992-93	FY1993-94	FY1994-95	FY1995-96	FY1996-97	FY1997-98	FY1998-99	FY1999-00	FY2000-01	
AIRPORT											\$250,000	\$215,000	\$465,000
ARTS			\$134,000										134,000
PLANNING & DEVELOPMENT	\$860,822	\$2,162,000	2,212,000	\$6,000,000	\$6,336,900	\$5,493,300			\$2,034,500		500,000		25,599,522
FIRE		236,000	92,000								1,000,000		1,328,000
HEALTH	1,330,000	2,417,000	246,000										3,993,000
LIGHTING	405,000	362,000	2,813,000						1,100,000		491,000		5,171,000
POLICE	700,000	1,106,000	232,000	1,500,000			\$3,300,000		1,500,000		1,250,000		9,588,000
RECREATION	135,000	291,000	1,280,000				1,000,000		2,000,000	\$2,238,000	750,000	850,000	8,544,000
ZOO			283,000									800,000	1,083,000
AFRICAN-AMERICAN MUSEUM								\$4,945,000		2,850,000		750,000	8,545,000
DEBT SERVICE				363,000									363,000
BOND INSURANCE & DISCOUNT									858,000	800,500	900,000		2,558,500
PROJECT ACCOUNTS (*)										580,100	200,000		780,100
TOTALS	\$3,430,822	\$6,574,000	\$7,292,000	\$7,863,000	\$6,336,900	\$5,493,300	\$4,300,000	\$4,945,000	\$7,492,500	\$6,468,600	\$5,341,000	\$2,615,000	\$68,152,122

* replacement of bond expenses charged originally to projects

GENERAL OBLIGATION BONDS (Free Balances as of 6/30/00):

DEPARTMENTS	Bond Sales prior to 1979 4501 Fund	Sep 1987 Sale 4503 Fund	Nov 1988 Sale 4504 Fund	Dec 1989 Sale 4506 Fund	Oct 1990 Sale 4507 Fund	Nov 1991 Sale 4508 Fund	Dec 1993 Sale Aug 1995 Sale Nov 1996 Sale Dec 1997 Sale Apr 1999 Sale Dec 1999 Sale 4510 Fund	TOTAL APPROPRIATED FREE BALANCES (Unencumbered)	(87/88 -99/00) TOTAL BUDGET (Bond Proceeds)
ARTS				\$10,329	\$0	\$8,332	\$9,194	\$27,854	\$19,789,000
CIVIC CENTER	\$11,830							\$11,830	\$0
PLANNING & DEVELOPMENT	2,506,688	\$79,503	\$295,490	64,190	63,445	555,390	23,710,781	\$27,275,486	\$191,854,522
FINANCE (Eastern Market)								\$0	\$1,500,000
AIRPORT							294,509	\$294,509	\$1,965,000
D.P.W.	20,529						773,855	\$794,384	\$1,500,000
FIRE				23,839	866,597		4,455,135	\$5,345,571	\$10,703,000
HEALTH			34,616			(214,746)	(649,099)	(\$829,229)	\$13,293,000
HISTORICAL	375						151,811	\$152,186	\$1,600,000
POLICE	3,291,086	6,805		2,343,661			7,846,702	\$13,488,255	\$24,088,000
PUBLIC LIGHTING			513,476	(1,311,987)	71,590	(109,307)	3,352,826	\$2,516,597	\$138,671,000
RECREATION	37,266	752,552	27,475	3,042	395,118	(13,046)	3,556,301	\$4,758,708	\$103,404,000
ZOO	(1,981)	(103,684)	0		25,175	4,076	213,886	\$137,472	\$26,763,000
LIBRARY							3,573,960	\$3,573,960	\$4,000,000
NON-DEPARTMENTAL (Arts and African-American Museum)					2,295	5,826,864	6,053,771	\$11,882,929	\$38,545,000 \$2,921,500
APPROPRIATED/UNSOLD PROJECTS									(\$15,989,900)
TOTAL FREE BALANCE	\$5,865,793	\$735,176	\$871,058	\$1,133,074	\$1,424,219	\$6,057,562	\$53,343,631 *	\$69,430,513	\$564,607,122
TOTAL BUDGET (1987 - 1999):									
Original Sale (Project Amounts)		\$51,125,000	\$49,260,000	\$36,360,000	\$75,735,000	\$39,565,000	\$244,410,000		\$496,455,000
Budgeted (Earnings on Investments)		9,266,222	12,939,000	11,122,700	10,600,800	8,929,100	15,294,300		68,152,122
TOTAL BUDGET		\$60,391,222	\$62,199,000	\$47,482,700	\$86,335,800	\$48,494,100	\$259,704,300		\$564,607,122

* Note: Of this \$53,343,631 appropriated free balance, only \$36,573,631 is actual cash due to: a) the August, 1995 Bond Sale in which \$50,000,000 was sold and \$76,770,000 was appropriated, b) the April, 1999 Bond Sale in which \$44,100,000 was sold and \$39,100,000 was appropriated, and c) the December, 1999 Bond sale in which \$45,000,000 was sold and \$40,000,000 was appropriated.

** Note: Of this \$69,430,531 appropriated free balance, only \$52,660,513 is actual cash due to: a) the August, 1995 Bond Sale in which \$50,000,000 was sold and \$76,770,000 was appropriated, b) the April, 1999 Bond Sale in which \$44,100,000 was sold and \$39,100,000 was appropriated, and c) the December, 1999 Bond sale in which \$45,000,000 was sold and \$40,000,000 was appropriated.

GENERAL OBLIGATION BONDS (Encumbrances as of 1/31/00):

Org #	DEPARTMENTS		Bond Sales prior to 1979 4501 Fund	Sep 1987 Sale 4503 Fund	Nov 1988 Sale 4504 Fund	Dec 1989 Sale 4506 Fund	Oct 1990 Sale 4507 Fund	Nov 1991 Sale 4508 Fund	Dec 1993 Sale Aug 1995 Sale Nov 1996 Sale April 1999 Sale Dec 1999 Sale 4510 Fund	TOTAL ENCUMBRANCES	(87/88 -99/00) TOTAL BUDGET (Bond Proceeds)
A11000	ARTS	*				\$0	\$0	\$0	\$2,489,708	\$2,489,708	\$16,584,000
A14000	CIVIC CENTER	*	\$0							0	0
A36000	PLANNING & DEVELOPMENT	*	0	\$879,514	\$0	15,605		313,561	12,052,787	13,261,468	168,764,322
	FINANCE (Eastern Market)	*							266,173	266,173	1,500,000
	Airport										250,000
A19000	D.P.W.	*	0						615,668	615,668	1,000,000
A24000	FIRE	*				14,289	143,641		1,131,911	1,289,842	9,128,000
A25000	HEALTH	*			0			0	1,510,962	1,510,962	12,035,000
A26000	HISTORICAL	*	0						15,356	15,356	1,300,000
A37000	POLICE	*	0	0		22,100			851,085	873,185	22,048,000
A38000	PUBLIC LIGHTING	*		0	0	676,516	40,000	5,200	4,544,724	5,266,440	127,796,000
A39000	RECREATION	*	0	0	0	46,540	64,206	665	9,710,486	9,821,897	91,831,100
A44000	ZOO	*	0	0	0			0	1,339,282	1,339,282	23,436,300
A72000	LIBRARY	*								0	2,500,000
	AFRICAN-AMERICAN MUSEUM	*								0	37,700,100
	NON-DEPARTMENTAL (Investment Earnings)*	*		0	0	0	2,346	0	71,145	73,491	2,921,500
	APPROPRIATED/UNSOLD PROJECTS	*								0	(20,989,900)
											0
	TOTAL ENCUMBRANCES		\$0	\$879,514	\$0	\$775,050	\$250,193	\$319,426	\$34,599,286	\$36,823,471	**
	TOTAL BUDGET (1987 - 1999)										\$497,804,422
	Original Sale (Project Amounts)			\$50,855,000	\$49,050,000	\$36,000,000	\$59,000,000	\$38,326,000	\$199,036,300		\$432,267,300
	Budgeted (Earnings on Investments)			\$9,231,222	\$12,856,000	\$11,014,700	\$10,542,800	\$8,796,100	\$13,096,300		\$65,537,122
	TOTAL BUDGET			\$60,086,222	\$61,906,000	\$47,014,700	\$69,542,800	\$47,122,100	\$212,132,600		\$497,804,422

General Obligation Bond Balances & Remaining Authorization (in millions)	***** BOND BALANCES *****			***** REMAINING AUTHORIZATION *****					
	(as of June 30, 2000)								
				(as of 6/30/00)					
				<div> <div> <div>Remaining</div> <div>Authorized</div> <div>Unissued</div> </div> <div> <div>#</div> <div>FY2000-01</div> <div>Proposed</div> </div> <div> <div></div> <div>Nov 7,2000</div> <div>Ballot</div> </div> <div> <div>FY2001-02</div> <div>Remaining</div> <div>Authorized</div> <div>Unissued</div> </div> </div>					
	Encumbered	Free Balance	Totals	Authority	Date	Bonds	Bond Sale	Amount	Bonds
DETROIT INSTITUTE OF ARTS	\$2.489	\$6.028	\$8.517	Electorate	8/2/88	\$5.345	\$5.345	\$25.000	\$25.000
PUBLIC HEALTH FACILITIES	0.734	-0.829	-0.095	Electorate	8/4/92	1.000	1.000	0.000	0.000
PUBLIC LIGHTING	4.069	2.517	6.586	Electorate	11/4/97	16.200	7.155	30.000	39.045
ECONOMIC DEVELOPMENT:									
Planning and Development	12.409	33.157	45.566	Electorate	11/4/97	24.545	6.500	25.000	43.045
Airport	0.248	0.295	0.543	Electorate	11/4/97	2.000	2.000	5.000	5.000
TOTAL ECONOMIC DEVELOPMENT	12.657	33.452	46.109	Electorate		26.545	8.500	30.000	48.045
CULTURAL FACILITIES:									
Recreation	4.783	4.759	9.542	Electorate	11/4/97	14.700	7.150	36.000	43.550
Zoo	3.716	0.137	3.853	Electorate	11/4/97	1.700	1.700	10.000	10.000
Historical	0.000	0.152	0.152	Electorate	11/4/97	0.400	0.400	6.000	6.000
Museum of African-American History	0.082	0.000	0.082	Electorate		0.000	0.000	4.000	4.000
TOTAL CULTURAL FACILITIES	8.581	5.048	13.629	Electorate	11/4/97	16.800	9.250	56.000	63.550
MUNICIPAL FACILITIES:									
Public Works	0.100	0.794	0.894	Electorate	11/4/97	2.000	2.000	5.000	5.000
Health				Electorate	11/4/97	1.000	0.000	5.000	6.000
Transportation	0.000	0.000	0.000	Electorate	11/4/97	3.000	1.000	5.000	7.000
Civic Center	0.000	0.012	0.012	Electorate		0.000	0.000	3.000	3.000
TOTAL MUNICIPAL FACILITIES	0.100	0.806	0.906	Electorate	11/4/97	6.000	3.000	18.000	21.000
PUBLIC SAFETY:									
Police Facilities	2.154	13.488	15.642	Electorate	11/4/97	4.000	2.000	6.000	8.000
Fire Facilities	1.177	5.346	6.523	Electorate	11/4/97	7.250	2.000	6.000	11.250
TOTAL PUBLIC SAFETY:	3.331	18.834	22.165	Electorate	11/4/97	11.250	4.000	12.000	19.250
LIBRARY FACILITIES	0.084	3.574	3.658	Electorate	11/4/97	3.500	1.750	0.000	1.750
Bonds Approved/ Unissued **	n/a	n/a	n/a	n/a		16.770	5.000	n/a	11.770
TOTALS	\$32.045	\$69.430	\$101.475			\$103.410	\$45.000	\$171.000	\$229.410

** The August 1995 bond sale of \$50.000M funded \$76.770M of appropriated projects. To date an additional \$10.000M has been sold to cover these projects.

FY2000-01 Bond Sale is expected to take place in February, 2001